

SANDRA L. BROWN
202 274 2959 telephone
202 654 5603 facsimile
sandra.brown@troutmansanders.com

TROUTMAN SANDERS

TROUTMAN SANDERS LLP
Attorneys at Law
421 9th Street, N.W.
Suite 1000
Washington, District of Columbia
20004-2134
202 274 2950 telephone
202 274 2994 facsimile
troutmansanders.com

November 25, 2008

VIA HAND DELIVERY

The Honorable Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423-0001

224052



RE: STB Finance Docket No. 35160, Oregon International Port of Coos Bay—Feeder Line Application—Coos Bay Line of the Central Oregon & Pacific Railroad, Inc.

Dear Secretary Quinlan:

Enclosed for filing in the above-captioned docket please find the original and sixteen (16) copies of the Petition for Technical Correction of the Oregon International Port of Coos Bay ("Port"). As this filing includes Confidential information, the Port has also included sixteen (16) copies of the Public Version of the Petition. Redacted information is shown in brackets []

An extra copy of each version is included for date-stamping and return to the undersigned via our messenger.

Please feel free to contact me if you have any questions.

Very truly yours,


Sandra L. Brown

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**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 35160

**OREGON INTERNATIONAL PORT OF COOS BAY
—FEEDER LINE APPLICATION—
COOS BAY LINE
OF THE CENTRAL OREGON & PACIFIC RAILROAD, INC.**

PETITION FOR TECHNICAL CORRECTION



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Sandra L. Brown
Michael H. Higgins
David E. Benz
TROUTMAN SANDERS LLP
401 Ninth Street, NW
Washington, DC 20004-2134
(202) 274-2959 Phone
(202) 654-5603 Fax
sandra.brown@troutmansanders.com
michael.higgins@troutmansanders.com
david.benz@troutmansanders.com

*Counsel for the Oregon International
Port of Coos Bay*

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PETITION FOR TECHNICAL CORRECTION

I. Introduction

The Oregon International Port of Coos Bay ("Port") respectfully submits this Petition for Technical Correction of the decision served November 20, 2008 ("Decision") in this docket. The Decision included a calculation by the Surface Transportation Board ("Board" or "STB") of the purchase price for the Coos Bay rail line ("Line") pursuant to the Board's feeder line program under 49 USC § 10907.¹ Upon review of the Board's Decision, the Port has identified a technical error in the Board's calculation of the profit and cost of money categories of the net liquidated value ("NLV") of the Line's track assets, as described below, which, when corrected, results in a decrease of the purchase price by \$20,227.

II. Technical correction

In the Decision, the Board set a purchase price for the line of \$16,605,987. As part of its calculation of the purchase price, the Board followed the Port's Reply evidence filing (made

¹ The Port reserves its right to file a Petition for Reconsideration on certain aspects of the Board's Decision.

September 12, 2008) and included deductions such as profit and cost of money from the value of the Line's track assets. Decision at 4-5. As the Board noted, both the profit and cost of money are components of the Administrative and Marketing Expense of liquidating the Line. The Board also correctly recognized that the profit and cost of money categories vary with the value of the track assets.

In developing the NLV of the Line's track assets, the Board decided to use track asset values from different time periods, including the scrap and reroll steel values based upon an October 31st valuation date and relay steel and tie values based on prices from August. Decision at 2-4. As the Port had not anticipated this variation, the Port had not calculated the profit and cost of money using this particular pairing of evidence. Nevertheless, the Decision makes clear that the Board attempted to mimic the Port's method for calculating profit and cost of money. Decision at 4. However, the Board apparently overlooked a description of the Port's method in the Port's workpapers previously submitted to the Board and CORP's counsel.

In a filing made on September 16, 2008, the Port provided electronic workpapers to the Board which supported the Port's Reply Evidence. In particular, the compact disk labeled "Finance Docket 35160, Oregon International Port of Coos Bay, Reply Evidence, Workpapers, Sept. 16, 2008," contained the formulas used to calculate the profit and cost of money² The spreadsheets on this CD are linked such that the spreadsheet showing the NLV of the track assets (titled "Davis VS Attachments-Revised-Aug 15 2008 rev.xls") relies upon the spreadsheet titled "NLV Comparisons Sept-12-08 Filing.xls" for formulas to calculate the profit and cost of money.

² The Port recognizes that while the workpapers set out the percentages and formulas for calculating the profit and cost of money, ascertaining these formulas from the various spreadsheets submitted by the Port required a thorough inspection of the Port's workpapers

The formula for calculation of profit is shown on the sheet "Compare" in cell T-51 of the spreadsheet titled "NLV Comparisons Sept-12-08 Filing.xls " In that cell, profit is described as [].³

The formula for calculation of cost of money is shown on the sheet "Unitrac factors" in column K of the spreadsheet titled "NLV Comparisons Sept-12-08 Filing.xls." In that column, the cost of money is described as [].⁴

Use of these two formulas produces figures slightly different from those derived by the Board in its Decision. The steel assets in the Decision had a gross value of \$14,760,000 (comprised of \$9,907,300 for relay and \$4,852,700 for scrap and reroll). Hence, profit in the Decision should be:

$$\text{profit} = []$$

The gross liquidation value used by the Board was \$15,963,400 (comprised of \$14,760,000 for steel and \$1,203,400 for ties). Transportation costs were \$2,326,700 and, as calculated above, profit was []. Hence, the cost of money in the Decision should be:

$$\text{cost of money} = []$$

³ The Port has consistently designated these formulas as Confidential because they are partially based on material that CORP designated Confidential.

⁴ These formulas can be verified by analysis of the Port's prior filings in this case. The Port notes, however, that, due to rounding in the linked spreadsheets, manual application of the formulas sometimes results in figures a few dollars different from those asserted by the Port in its filings.

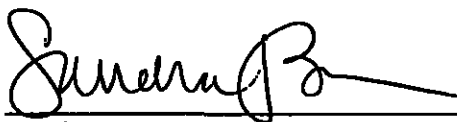
III. Impact of technical correction

The Board included a profit of \$1,856,173 and a cost of money of \$349,554 in developing its purchase price for the Line of \$16,605,987. Through use of the correct formula from the Port's Reply evidence, which the Board attempted to replicate, results in a profit of [] and a cost of money of [], for an overage in total purchase price of \$20,227.⁵ Hence, the total purchase price should be \$16,585,760 under the Board's methodology used in its Decision.

IV. Conclusion

The Port respectfully requests that the Board correct the profit and cost of money figures in its November 20th Decision in this case, and lower the purchase price by \$20,227 to a value of \$16,585,760 for the Line under the Board's methodology.

Respectfully submitted,



Sandra L. Brown
Michael H. Higgins
David E. Benz
TROUTMAN SANDERS LLP
401 Ninth Street, NW, Suite 1000
Washington, DC 20004-2134
(202) 274-2959 Phone
(202) 654-5603 Fax
sandra.brown@troutmansanders.com
michael.higgins@troutmansanders.com
david.benz@troutmansanders.com
*Counsel for the Oregon International
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November 25, 2008

⁵ It is possible to verify these numbers by inputting the formulas and updated scrap/roll values (as well as elimination of the tunnel closure costs) in Attachment B of the September 12th verified statement of Gene Davis.

CERTIFICATE OF SERVICE

This is to certify that on this 25th day of November 2008, I caused the foregoing to be served upon all parties of record in this proceeding, STB Docket No 35160. Parties who have executed the Undertaking pursuant to the Protective Order in effect for this case have received a Confidential version. All other parties received a Public version.



David E. Benz